Vol. <u>697</u> Page 4744 25100m **3219** 52 Eigende ENERGY OF THE CHARLES THE STREET STREET THE STREET AFTER RECORDING MAIL TO SOUTH VALLEY BANK & TRUST KLAMATHOFALLS; OR 6.975010 to a openic case that cate of religious in the probability accordance with ATTALE & SUBJECT SETTING THE TOTAL STATE OF THE SUBJECT OF THE SUB portoner, spirit is used to the list the size of the DEED OF TRUST and a government of the grant of the grant of the size of t agrees in Within to the payment of this obligation societies by the fibracia than per accordable religious (c) consistent Borrow as hell tremply discharge any ban which also promy pysis this Sections institutes of presenting ("Borrower") The trustee is AMERITITLE trace Numbers (TRUST, Inches the American is South VALLEY BANK) & TRUST, Inches the American is South VALLEY BANK & TRUST, Inches the beneficiary is South VALLEY BANK TRUST, Inches the ("Trustee"). evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on March 1, 2012. This Security instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note: For this purpose, Borrower Irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in Klamath County, Qregon: no more than twelvermentally payages, 2 at heretyleting control Lot 11 and the West 5 feet of Edt 10, Block 11; ELDORADO ADDITION to the City Af of Klamath Falls, according to the official plat thereof on file in the Bouoffice of the County Clerk of Klamath County Oregon. Entraccount No: 3809-02000-13100. Mey No: 1732611 Code: No: 001 Funds, shibwing credits into hebias of the Funds and the purpose top which each dutation to the first man made Egglited to pily Berzowal siny interest or earnings on the Frinds. Bildrown stid Leo, or may agree or all the that the forest shall be past on the Furities bender shall give to Borlower will start on an entire of course or the the theory of the forest will be past on the Furities of the forest will be past on the Furities of the forest will be past on the forest will be past of the forest will be past of the forest will be past on the forest will be past of the forest will be permis Landar to make such a charge. However, liended may incure Borrower to pay a coedina charges. Indeportable lead estate the reporting service used by leader in generalizations that can, this seapped able provides shinkwise. Unless an agreement is made brappleable law requires interest of the petal forms and brappleable law requires interest of the petal forms and the families of the familie escraw alteologicar verifying the Estrew Items unless Lender pays Borrowit anterest colons company and applicate in the pay the resert withours. Lender may but charge Buirriver for holding and applying the Funds, and secondly an evaluation and Fig. The Funds small be head man institution whose dupodite and trained by a fortending and institute and by a decided in the result of a many of any Fodgler Home London State Conservation or a many for a many formation of the first conservation of the first conservatio due ton the plass of current data and reasonable said aues of experimentary. Independent of the 2001 et alga (FRESPA), unités another law that dabbles to the Flacas set a respectivoure, it and endet day, a cay and the collect and hold Funditit an almount restoured the heast amount. Lender to a vest cate for one cay a care for the formal transfer of the case of the case and the case of the case accomb neutring educed most Estate Settlemore (icheques Anne) to exceed the magnitude with the address of released E-1817 | BIRCH | STREET and the land the ALLAMATH FALLS which has the address of released E-1817 | BIRCH | STREET and the land the land the ALLAMATH FALLS. which res tije address on te tagled (E301/) Direct of the displaying of the property and all easements, to (TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenancies, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." BORROWER COVENANTS that Borrower is lawfully selsed of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record a mount constitute a dispartitized by the many constitutions in the constitution of THIS SECURITY MISTIRUMEN Fechabines withis propagate for majorial use and rich amening or some and FORM 3038 9/90 OREGON-SINGLE FAMILY-FNMA/FHLMC UNIFORM INSTRUMENT PAGE 1 OF 6 ISC/CMDTOR//0792/3038(9-90)-L

NECTONICIENTAL PROPERTY OF THE OREGON-HINGLEFANGLY-ENDINGENLAND-UNIFORM INSTRUMENT

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

LUIE FORD

Was UNIFORN COVENANTS Borrower and Lender covenant and agree as follows: pound application

900 10 Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal cit and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note red by this Security institution. All of the fortiguing is retering to at this Security institution

abb 2. Funds for Taxes and insurance. Subject to applicable law or to a written walver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note; until the Note is paid in full, a sum ('Funds') for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any, (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8, in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. § 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may, at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan, unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds, showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

if the Funds held by Lender exceed the amounts permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender, ilf, under paragraph 21, Lender shall accuire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument. (ii) the bull to be

3: Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subprdinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower falls to maintain coverage described above, Lander may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7.

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All insurance policies and renewals shall be acceptable to Lencler and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender, Lender may make proof of loss if not made promptly by Borrower.

Unless Landler and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower All Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lentler and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 21 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums

secured by this Security instrument immediately prior to the acquisition.

- 6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Eorrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Elorrower shall also be in default if Borrower, during the loan application process; gave materially false or inaccurate information or statements to Lender (or falled to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.
- 1017. Protection of Lender's Rights in the Property. If Borrower falls to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment as anno seemed philips Seemed Justinus L. deronio a

- 8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends In accordance with any written agreement between Borrower and Lender or applicable law.
- 9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Forrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.
- 201110 Condemnation: The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender with max excess chird to gottomer: junto exem or a barrier of the critical and In the pyells of a social (skill) grobedly and propered statistic application the succession of the first decision

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whicher or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following traction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market taking states and the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or notithe sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages. Borrower falls to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the

Property or to the sums secured by this Security Instrument, whether or not then due.

bun Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.lentiment, Borrowin shall pay the premitter required in maintain it

11. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

12. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's Interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower, may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument of the Note without that Borrower's consent.

13. Loan Charges. If the loan secured by this Security instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mall unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when onampiert jirdistea ten 146

15. Governing Law; Severability. This Security instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable. his his ment this man

16. Burrower's Copy: Borrower shall be given one conformed copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficuli Interest in Borrower. If all or any part of the Property or any interest In it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lengler exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower falls to pay these sums prior to the expiration of this period, Lender may invoke any remedles permitted by this Security Instrument without further notice or demand on Borrower. Lender shelf have the light to be latting paintings also remay shelf prouds requires. For case, and prediction Bill regularis of paint changing and remay all from set limbs aveing the rough and case and prediction and predictions.

18. Burrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security instrument; or (b) entry of a judgment enforcing this Security instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

gud 19: Sale of Note; Change of Loan Servicer. 11311

ANDLANA SCI SULI GELY The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to

be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

21. Acceleration; Remedies Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title exidence and the second and the second in the area in the second and the se

box If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law to Borrower and to other persons prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Sorrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale. This is a uniformed a used to be a may

the statements made therein. Tristee shall apply the propeeds of the safe in the following order. (a) to all Trustee shall defiver to the purchaser Trustee's dead convaying the Property without any chychani of warranty, expressed thamplied. The febtals at the Trustee's dead thall be primu factorey deads of the truin of

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PAGE 5 OF 6

FORM 3038 9/90

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's iteed shall be prima facie evidence of the truth of warranty, expressed or implied. Trustee shall apply the proceeds of the sale in the following order: (a) to all the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all sums expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums expenses of the prison or personal legally entitled to it.

Secured by this Security instrument; and (c) any excess to the prison or personal legally entitled to it.

Solice. Reconveyance. Upon payment of all sums secured by this Security instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all potes evidencing debt secured by this

to reconveyance. Upon payment or all surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

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168960) 1114/30310/7/20160ptgpt WIT IS IN LEVEL YEAR PROPERTY BADJUSTABLE RATE RIDER FOR THE RESIDENCE OF THE PROPERTY OF THE

(1 Year Treasury Index--Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 11th day of FEBRUARY, 1937 incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Adjustable Rate Note (the "Note") to SOUTH VALLEY BANK & TRUST, SOUTH VALLEY "Lender") of the same date and covering the property described in the Security Instrument and located at:

1817 BIRCH STREET, KLAMATH FALLS , OR OR 97601 [Property Address]

THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.

ADDITIONAL COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. IN TEREST RATE AND MONTHLY PAYMENT CHANGES
The Note provides for an initial interest rate of 3.68 8750 38 8 Interest rate and the monthly payments, as follows: 10 Agrees 200 CD CD

4. INTEREST RATE AND MONTHLY PAYMENT CHANGES

(A) Change Dates

The interest rate I will pay may change on the first day of March, 1998, and on that da every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date." (B) The Index blick advantage and except of the

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index." In the

If the Index is no longer available, the Note Holder will choose a new index which is based upon comparable information. The Note Holder will give me notice of this choice.

(C) Calculation of Changes noughous to parabase minustrate address in the ended to

Before each Change Date, the Note Holder will calculate my new interest rate by adding Three Lithelies this obtion static percentage points (14.3,0000 %) to the Current Index.

The Note Holder will then round the result of this addition to the nearest one eighth of one percentage point (0.125%)) Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date. On the

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the maturity date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

(I) Limits on Interest Rate Changes

If I The interest rate I am required to pay at the first Change Date will not be greater than or less than 6 16.8750 3 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than 14.8750 %.

MULT STATE ARM HIDER-ARM 5-2-Single Family-FNMA/FHLMC UNIFORM INSTRUMENT ISC/CRID**//0195/3111(0385)-L Page 1 of 2 Form 3111 3/85 min 30299

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11:20 o'clock A. M., and duly recorded in Vol.

4744

Bernetha G. Letsch, County Clerk

FEE \$45.00

Filed for record at request of

February

STATE OF OREGON: COUNTY OF KLAMATH:

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Mortgages

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